

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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CORRECTED COPY (PARA 1 GARBLED)

E.O. 11652: GDS

TAGS:EAIR, JA

SUBJECT:US-JAPAN CIVIL RELATIONS

REF; TOKYO 10087, 10098

1. WE AGREE WITH EMBASSY'S COMMENT THAT JAPANESE JUNE 2
NOTE DEMONSTRATES NO PROGRESS IN JAPANESE THINKING.
POSITION EXPRESSED IN NOTE IS NO DIFFERENT FROM THAT
ADVANCED WHEN NEGOTIATIONS BEGAN IN EARNEST ALMOST A YEAR
AGO AND, WITH RESPECT FIFTH FREEDOM TRAFFIC, IS TANTAMOUNT
TO AN ULTIMATUM. WE APPRECIATE THAT STRIDENT TONE OF
NOTE MAY STEM FROM RISING FRUSTRATION ON JAPANESE SIDE.
HOWEVER, IN BROADER SENSE, JAPANESE NOTE HIGHLIGHTS FACT
THAT FURTHER NEGOTIATIONS CANNOT SUCCEED AS LONG AS US
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AND JAPAN APPROACH ISSUES FROM ENTIRELY DIFFERENT
PERCEPTIONS. DESPITE ALL WE HAVE SAID, JAPANESE CONTINUE
ACT AS IF IMBALANCE IN AVIATION RIGHTS IS AN ESTABLISHED
AND ACCEPTED FACT WHICH CAN LOGICALLY BE CURED ONLY BY
US GRANTING JAPAN ADDITIONAL, UNCOMPENSATED RIGHTS WHILE
UNDERGOING A RESTRICTION OF ITS RIGHTS. JAPANESE ALSO
ASK US TO "UNDERSTAND" JAPANESE AIRPORT PROBLEMS, WHICH

MEANS TO FOREGO EXPANSION IN SCHEDULED. AS WELL AS
CHARTER, AIR SERVICE.

2. IN VIEW OUR CONCERN THAT FURTHER NEGOTIATIONS
WILL AGAIN LEAD NOWHERE SO LONG AS JAPANESE
POSITION REMAINS UNCHANGED, WE BELIEVE TIME
HAS COME TO CHALLENGE JAPANESE ASSUMPTIONS FORMALLY
AND DIRECTLY. THIS TACTIC MAY EXACERBATE SITUATION,
BUT WE ARE INCLINED TO BELIEVE IT WOULD BE BETTER
TO HAVE IT OUT NOW THAN LATER.

3. EMBASSY REQUESTED DELIVER NOTE ALONG FOLLOWING
LINES TO MOFA:

A. EMBASSY REFERS TO MOFAS NOTE OF JUNE 2 CONCERNING
US-JAPAN AIR TRANSPORT RELATIONS. THE USG IS
SURPRISED AT SEVERAL STATEMENTS MADE IN THIS NOTE
PURPORTING TO CHARACTERIZE THE BASIS FOR, AND
STATUS OF, US-JAPAN AVIATION NEGOTIATIONS. THE
NOTE REPEATEDLY REFERS TO THE "IMBALANCE IN
AVIATION RIGHTS" IN TERMS WHICH IMPLY THAT THE US
AGREES THAT AN IMBALANCING EXISTS AND NEEDS TO
BE CORRECTED. THE US HAS NEVER ACCEPTED, AND DOES
NOT NOW ACCEPT, THAT A FUNDAMENTAL IMBALANCE IN
RIGHTS EXISTS. IT CANNOT THEREFORE ACCEPT THE
PREMISE THAT THIS ALLEGED INEQUITY MUST BE CORRECTED
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BEFORE OTHER CHANGES IN THE BILATERAL RELATIONSHIP
(SUCH AS AIR FARES AND CHARTERS) ARE CONSIDERED. IT
IS THE USG VIEW THAT OVERALL CHANGES IN THE BILATERAL
RELATIONSHIP ARE DESIRABLE IN ORDER TO EXPAND THE
OPPORTUNITIES FOR ALL TYPES OF AIR SERVICE BY THE
AIRLINES OF EACH COUNTRY. THIS APPROACH CONTEMPLATES
THAT JAPAN WOULD ACQUIRE ADDITIONAL ROUTE RIGHTS
IN THE CONTEXT OF EXPANSION OF AIR SERVICES BY
EACH SIDE. THE USG DOES NOT REGARD THAT IT HAS
TAKEN AN UNREALISTIC AND INFLEXIBLE ATTITUDE IN
PURSUING THIS APPROACH WHICH IS CONSISTENT WITH OTHER
ASPECTS OF US-JAPAN ECONOMIC RELATIONS. IT REGRETS
THAT THE JAPANESE SIDE CONTINUES TO TAKE AN UNCOM-
PROMISING STAND WHICH RELEGATES ALL ISSUES, OTHER
THAN ADDITIONAL JAPANESE ROUTE RIGHTS AND RESTRICTIONS
ON US AIRLINES, TO SECONDARY CONSIDERATION.

B. THE US IS ALSO SURPRISED THAT THE JAPANESE SIDE
EXPECTS THE US TO UNDERSTAND FULLY THE AIRPORT
CIRCUMSTANCES IN JAPAN. THE US OF COURSE UNDERSTANDS
THE DIFFICULTIES THE JAPANESE AUTHORITIES HAVE HAD IN
OPENING NEW AIRPORT FACILITIES. HOWEVER, THE US

CANNOT UNDERSTAND HOW JAPAN CAN EXPECT TO OBTAIN VALUABLE RIGHTS WITHOUT CAPACITY RESTRAINTS TO OPERATE AIR SERVICES TO THE UNITED STATES WHEN IT IS UNABLE

TO OFFER ADEQUATE FACILITIES IN JAPAN FOR US AIRLINES TO REALIZE THE BENEFITS OF ROUTE CONCESSIONS MADE BY JAPAN. UNLESS JAPAN IS ABLE TO RESOLVE ITS AIRPORT PROBLEMS, THE USG SERIOUSLY QUESTIONS WHETHER JAPAN SHOULD CONTINUE TO PURSUE ITS QUEST FOR ADDITIONAL ROUTE RIGHTS.

C. WITH REGARD TO THE SPECIFIC POINTS MADE IN MINISTRY'S NOTE, THE US AFFIRMS THE POINTS MADE IN THE EMBASSY'S AIDE MEMOIRE OF APRIL 13, 1978. THE CONFIDENTIAL

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US MAINTAINS ITS RIGHTS OF MULTIPLE DESIGNATION AND EXPECTS THAT JAPAN WILL CONTINUE TO COMPLY WITH THE 1959 AGREED MINUTES. WITH REGARD TO THE TARIFF APPLICATIONS BY PAN AMERICAN AND NORTHWEST, THE US REGRETS THEIR DISAPPROVAL BY THE GOJ BUT NOTES JAPAN'S WILLINGNESS TO CONSULT WITH REGARD TO PAN AMERICAN'S SO-CALLED "BUDGET FARE." THE US VIEWS THIS FARE AS ONLY ONE ASPECT OF THE OVERALL LOW FARE QUESTION AND IS PRESENTLY CONSIDERING WHETHER CONSULTATIONS REGARDING THESE TARIFF APPLICATIONS SHOULD BE HELD.

D. IN ADDITION, THE US CANNOT ACCEPT THE CHARACTERIZATION OF THE FIFTH FREEDOM QUESTION CONTAINED IN THE MINISTRY'S NOTE. THE USG DOES NOT AGREE THAT OVER-NIGHT STAYS ARE A VIOLATION OF THE CIVIL AIR TRANSPORT AGREEMENT, AND IT HAS RECEIVED NO SATISFACTORY EXPLANATION FROM THE JAPANESE SIDE FOR ITS CLAIM THAT OVERNIGHT STAYS SHOULD CEASE. WITH REGARD TO THE CARRIAGE OF FIFTH FREEDOM TRAFFIC, THE US HAS REPEATEDLY STATED THAT THIS ISSUE SHOULD BE ADDRESSED AS A NEGOTIATING ISSUE BECAUSE IT CANNOT BE SEPARATED FROM THE OPPORTUNITY JAPANESE AIRLINES HAVE TO CARRY FIFTH (SIXTH) FREEDOM TRAFFIC BETWEEN THIRD COUNTRIES AND POINTS IN THE US WHICH, AT THE SAME TIME, JAPAN WISHES TO AUGMENT. IN ANY EVENT, THE US DOES NOT CONSIDER THAT THE QUESTION OF FIFTH FREEDOM TRAFFIC HAS BEEN CONSIDERED FULLY IN CONSULTATIONS. ACCORDINGLY, THE US WOULD REGARD ANY UNILATERAL ACTION BY THE JAPANESE AUTHORITIES IN THIS RESPECT AS A MOST SERIOUS MATTER. VANCE

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